



# The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut

North Central Workforce Development Area Tables, December 2005

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## State of Connecticut

In 1999, P.A. 98-169 established the self-sufficiency standard. P.A. 02-54 was enacted in 2002 requiring the standard to be updated every three years. This report was prepared by the Office of Workforce Competitiveness (OWC) in consultation with the Permanent Commission on the Status of Women. For information, contact OWC at (860) 258-4301.

## Permanent Commission on the Status of Women (PCSW)

PCSW was established by the Connecticut General Assembly in 1973. The Commission's mandate is to inform leaders about issues and actions affecting women and girls. For a full report, go to the website at <http://www.cga.ct.gov/PCSW> or call (860) 240-8300.

## Executive Summary

The release of "*The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*," presents an update to the 1999 report. In order to assist job seekers, policy makers, local regional workforce investment boards and local service providers, the data in the "*The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*" is calculated for the 23 regions grouped within the five workforce development areas and is available for 70 different family types. The report also includes calculations for nine stand-alone cities so that the significant differences in costs between cities and suburban areas are not lost. The North Central Workforce Development Area is composed of the city of Hartford, the Hartford Suburbs and North Central. The tables show monthly expenses for selected family types in this area.

*The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a given place to adequately meet their basic needs—without public or private assistance.*

The Self-Sufficiency Standard for Connecticut is a tool that can be used by policy makers, local elected officials, local planning agencies, state agencies, service providers and individual citizens who are seeking jobs or making choices about what education or skills they need to achieve economic security. The calculations and analyses contained in this report gives a picture of the costs of housing, child care, food, and other basic needs so that we can make good decisions about how to build pathways out of poverty for Connecticut families. Based upon the 2004 American Community Survey, in Connecticut there are 899,496 family households, of those, a total of 55,768 or 6.2% had income below the poverty level. Of those 55,768 families, 36,846 (66%) are single parent families with a female head of household. In 2002, 156,500 families claimed an earned income tax credit.

Although the State of Connecticut has the highest per capita income in the country, there are still families who are struggling to make ends meet. Since two-thirds of the single parents living below the poverty level are women, for purposes of this report, we are using as an example a single parent with a preschooler and a school-age child. The key findings of "*The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*" show that if families were making ends meet under this self-sufficiency standard, then:

### Center for Women's Welfare

Under Dr. Diana Pearce's direction, the Center for Women's Welfare at the University of Washington is devoted to furthering the goal of economic justice for women and their families by researching poverty, public policy and income adequacy. For information, contact the center at (206) 685-5264.

### Wider Opportunities for Women (WOW)

WOW works nationally to achieve economic independence and equality of opportunity for women and girls in areas such as nontraditional employment, job training, literacy, welfare to work and workforce development policy. For more information, go to <http://www.WOWonline.org> or call (202) 464-1596. To view other reports on family economic self-sufficiency, go to <http://www.sixstrategies.org>.

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- **Child care costs** throughout Connecticut would be about 30% to 39% of a family's monthly budget.
- **Housing costs** throughout Connecticut would be about 16% to 27% of a family's budget.
- **Health care** expenses throughout Connecticut would be a relatively small budget item, assuming families have access to employer-sponsored health insurance. For example, in the city of Hartford, for a family with one adult, a preschooler and a school-age child, health care costs constitute 8% of the family budget.
- In every region, a single parent with one preschooler and one school-age child needs to earn a minimum of two and one half times Connecticut's 2006 minimum wage of \$7.40 in order to meet the Self-Sufficiency income. For example, in the city of Waterbury, the Report shows that a full-time job at the 2006 Connecticut minimum wage provides only 40% of the amount needed to be self-sufficient. Even with the help of income supports, including the federal Earned Income Tax Credit (EITC), the working parent will receive a net total of \$15,165 per year (after taxes and tax credits), which is roughly one third (31%) of the Self-Sufficiency Standard and about 94% of the Federal Poverty Level of \$16,090.

The costs for family self-sufficiency vary among the cities within the state. For example, for our single parent with a preschooler and a school-age child the costs vary significantly in the city of Windham versus the city of Stamford. In the city of Windham, the family must have monthly earnings of \$3,512 per month (\$42,149 per year) while a family in the city of Stamford must earn \$5,116 per month or \$61,394 per year.

### Work Supports

Public and private work supports play a vital role, when used as short-term assistance, in narrowing the gap between actual income and self sufficiency. The Report demonstrates that there are two means for improving a working family's "wage adequacy," – increasing work supports and raising the wage itself. For example, a parent with an infant and preschooler living in the city of Hartford who works full time at minimum wage (\$7.40) without any work supports or tax credits has only 36% "wage adequacy;" that is, their income from this wage only covers 36% of their expenses.

If the wage rises to \$12 per hour, wage adequacy will be 58%; at \$14 per hour, it is 67%. With a full range of available work supports including housing and child care assistance, HUSKY, Food Stamps and WIC, a minimum wage worker is at 95% of wage adequacy, and a worker earning \$14 per hour is at 102% of wage adequacy.

There are a number of successful strategies available to increase earnings and economic self-sufficiency, including but not limited to the provision of education and skill training; improved career guidance; promotion of nontraditional employment for women; micro-enterprise training and development; and sectoral employment interventions to identify high-wage, high-growth jobs and prepare workers to fill them. For example, the impact of education on earnings for women demonstrates that high school completion and post secondary education lead to significantly higher earnings. Women who did not complete high school earned

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\$19,253 per year, on average, while women with a high school diploma or GED earned \$26,146 per year, on average, according to the 2003 Bureau of Labor Statistics Population Survey. An Associate’s degree increased the earnings for women by \$9,508 to \$36,654.

The Self-Sufficiency Standard gives us a great deal of information, but it does not tell the whole story. For example, health care costs for the Standard were calculated assuming access to employer-provided health insurance. If there is no employer-sponsored insurance, health care costs may be even higher than those used in the Standard. In addition, the Standard provides no allowance for family savings or the ability to accumulate assets (e.g. college education or retirement).

Therefore, this update of “*The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*” makes it clear that challenges remain for a number of Connecticut families struggling to make ends meet. Many cannot afford their housing *and* their child care *and* their food and so must choose between their needs or provide substandard housing or inadequate child care or insufficient food or provide no health care at all. The Self-Sufficiency Standard is a useful tool and a target for policy makers, employers, advocates, and job-seekers as we all work to help low-income families reach economic self-sufficiency. It is our intention to work closely with the Regional Workforce Development Boards, State Agencies, and service providers to use this Report as they counsel customers. It will also be used to inform discussion with regard to the development of workforce policy.

North Central Workforce Development Area

<b>Region 12. City of Hartford</b>	East Granby	Andover
<b>Region 13. Hartford Suburbs</b>	East Hartford	Bolton
Bloomfield	East Windsor	Ellington
East Hartford	Enfield	Hebron
Manchester	Farmington	Somers
Newington	Glastonbury	Stafford
South Windsor	Granby	Tolland
West Hartford	Marlborough	Vernon
Wethersfield	New Britain	
Windsor	Plainville	
<b>Region 14. North Central</b>	Rocky Hill	
Avon	Simsbury	
Berlin	Southington	
Bristol	Suffield	
Burlington	Windsor Locks	
Canton	Plymouth	

## Connecticut Workforce Development Areas, Self-Sufficiency Regions, Towns and Cities

<b>Northwest Workforce Development Area</b>  1. City of Waterbury 2. Greater Waterbury Bethlehem Thomaston Watertown Woodbury Cheshire Middlebury Naugatuck Prospect Southbury Wolcott 3. City of Danbury 4. Greater Danbury Bethel Brookfield New Fairfield Newtown Redding Ridgefield Sherman Bridgewater New Milford Roxbury Washington 5. Northwest Corner Hartland Barkhamsted Canaan Colebrook Cornwall Goshen Harwinton Kent Litchfield	Morris New Hartford Norfolk North Canaan Salisbury Sharon Torrington Warren Winchester	<b>North Central Workforce Development Area</b>  12. City of Hartford 13. Hartford Suburbs Bloomfield East Hartford Manchester Newington South Windsor West Hartford Wethersfield Windsor 14. North Central Avon Berlin Bristol Burlington Canton East Granby East Hartford East Windsor Enfield Farmington Glastonbury Granby Marlborough New Britain Plainville Rocky Hill Simsbury Southington Suffield Windsor Locks Plymouth Andover	Bolton Ellington Hebron Somers Stafford Tolland Vernon	Woodbridge 18. Lower Connecticut River Chester Deep River Essex Old Saybrook Westbrook	Salem Sprague Stonington Voluntown Waterford 23. Northeast Corner Brooklyn Canterbury Eastford Hampton Killingly Plainfield Pomfret Putnam Scotland Sterling Thompson Woodstock
	<b>Southwest Workforce Development Area</b>  6. City of Bridgeport 7. City of Stratford 8. City of Stamford 9. Naugatuck Valley Shelton Ansonia Beacon Falls Derby Oxford Seymour 10. Upper Fairfield Easton Fairfield Monroe Trumbull 11. Lower Fairfield Darien Greenwich New Canaan Norwalk Weston Westport Wilton	<b>South Central Work-force Development Area</b>  15. City of New Haven 16. Upper Connecticut River Cromwell Durham East Haddam East Hampton Haddam Middlefield Middletown Portland 17. Greater New Haven Clinton Killingworth Branford Bethany East Haven Guilford Hamden Madison Meriden Milford North Haven North Branford Orange Wallingford West Haven	<b>Eastern Workforce Development Area</b>  19. City of Windham 20. Greater Windham Colchester Lebanon Columbia Coventry Mansfield Union Willington Ashford Chaplin 21. City of New London 22. Greater New London Bozrah East Lyme Franklin Griswold Groton Ledyard Lisbon Lyme Montville North Stonington Norwich Old Lyme Preston		

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## Monthly Expenses for the City of Hartford

	Adult		Adult & school-age		Adult & infant & preschooler		Adult & infant & school-age		2 Adults		2 Adults & school-age		2 Adults & school-age & school-age		2 Adults & teenager & teenager	
Monthly Costs	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Housing	576	47	709	30	709	18	709	20	576	33	709	26	709	20	709	35
Child Care	0	0	535	23	1653	41	1322	37	0	0	535	20	1070	30	0	0
Food	233	19	413	17	458	11	515	14	460	26	629	23	780	22	826	40
Transportation	45	4	45	2	45	1	45	1	90	5	90	3	90	3	90	4
Health Care	122	10	283	12	282	7	292	8	311	18	328	12	346	10	385	19
Miscellaneous	98	8	198	8	315	8	288	8	144	8	229	8	300	8	201	10
Taxes	159	13	362	8	816	14	663	11	180	10	359	8	535	7	189	-8
Earned Income Tax Credit (-)	0		-26		0		0		0		0		0		-193	
Child Care Tax Credit (-)	0		-70		-100		-105		0		-65		-105		0	
Child Tax Credit (-)	0		-83		-167		-167		0		-83		-167		-167	
Self-Sufficiency Wage	-															
Hourly***	\$7.00		\$13.44		\$22.79		\$20.25		\$5.00		\$7.76		\$10.11		\$5.79	
									per adult****		per adult****		per adult****		per adult****	
Monthly	\$1,233		\$2,366		\$4,011		\$3,564		\$1,760		\$2,732		\$3,557		\$2,040	
									combined****		combined****		combined****		combined****	
Annual	\$14,792		\$28,387		\$48,130		\$42,762		\$21,125		\$32,778		\$42,690		\$24,476	
									combined****		combined****		combined****		combined****	

The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal, state, (including state tax credits) and payroll taxes.

\*\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

\*\*\*\* The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

## Monthly Expenses for the Hartford Suburbs\*\*

	Adult		Adult & school-age		Adult & infant & preschooler		Adult & infant & school-age		2 Adults		2 Adults & school-age		2 Adults & school-age & school-age		2 Adults & teenager & teenager	
Monthly Costs	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Housing	767	43	943	31	943	20	943	22	767	30	943	26	943	21	943	30
Child Care	0	0	535	18	1653	35	1322	31	0	0	535	15	1070	24	0	0
Food	233	13	413	14	458	10	515	12	460	18	629	17	780	17	826	26
Transportation	234	13	240	8	240	5	240	6	454	18	460	13	460	10	454	15
Health Care	122	7	283	9	282	6	292	7	311	12	328	9	346	8	385	12
Miscellaneous	136	8	241	8	358	8	331	8	199	8	290	8	360	8	261	8
Taxes	300	17	536	13	1062	17	904	15	344	14	593	13	826	12	421	8
Earned Income																
Tax Credit (-)	0		0		0		0		0		0		0		0	
Child Care																
Tax Credit (-)	0		-60		-100		-100		0		-50		-100		0	
Child Tax Credit (-)	0		-83		-167		-167		0		-83		-167		-167	
<b>Self-Sufficiency Wage</b>																
Hourly***	\$10.18		\$17.32		\$26.87		\$24.33		\$7.20		\$10.36		\$12.84		\$8.87	
									per adult****		per adult****		per adult****		per adult****	
Monthly	\$1,792		\$3,048		\$4,730		\$4,281		\$2,535		\$3,646		\$4,520		\$3,123	
									combined****		combined****		combined****		combined****	
Annual	\$21,503		\$36,579		\$56,755		\$51,378		\$30,425		\$43,748		\$54,238		\$37,478	
									combined****		combined****		combined****		combined****	

The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal, state, (including state tax credits) and payroll taxes.

\*\* Hartford Suburbs is composed of Bloomfield, East Hartford, Manchester, Newington, South Windsor, West Hartford, Wethersfield and Windsor.

\*\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

\*\*\*\* The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

## Monthly Expenses for North Central\*\*

	Adult		Adult & school-age		Adult & infant & preschooler		Adult & infant & school-age		2 Adults		2 Adults & school-age		2 Adults & school-age & school-age		2 Adults & teenager & teenager	
Monthly Costs	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Housing	715	42	880	30	880	19	880	21	715	29	880	25	880	20	880	29
Child Care	0	0	535	18	1653	36	1322	32	0	0	535	15	1070	24	0	0
Food	233	14	413	14	458	10	515	12	460	19	629	18	780	18	826	27
Transportation	240	14	246	8	246	5	246	6	467	19	473	13	473	11	467	15
Health Care	122	7	283	10	282	6	292	7	311	13	328	9	346	8	385	13
Miscellaneous	131	8	236	8	352	8	326	8	195	8	285	8	355	8	256	8
Taxes	282	16	511	12	1015	16	874	14	331	13	576	12	799	12	401	8
Earned Income																
Tax Credit (-)	0		0		0		0		0		0		0		0	
Child Care																
Tax Credit (-)	0		-60		-100		-100		0		-53		-100		0	
Child Tax Credit (-)	0		-83		-167		-167		0		-83		-167		-167	
Self-Sufficiency Wage																
Hourly***	\$9.79		\$16.82		\$26.25		\$23.79		\$7.04		\$10.14		\$12.60		\$8.66	
									per adult****		per adult****		per adult****		per adult****	
Monthly	\$1,724		\$2,960		\$4,620		\$4,188		\$2,479		\$3,569		\$4,436		\$3,047	
									combined****		combined****		combined****		combined****	
Annual	\$20,682		\$35,523		\$55,436		\$50,253		\$29,754		\$42,833		\$53,230		\$36,563	
									combined****		combined****		combined****		combined****	

The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal, state, (including state tax credits) and payroll taxes.

\*\* North Central is composed of Avon, Berlin, Bristol, Burlington, Canton, East Granby, East Hartford, East Windsor, Enfield, Farmington, Glastonbury, Granby, Marlborough, New Britain, Plainville, Rocky Hill, Simsbury, Southington, Suffield, Windsor Locks, Plymouth, Andover, Bolton, Ellington, Hebron, Somers, Stafford, Tolland and Vernon.

\*\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

\*\*\*\* The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.